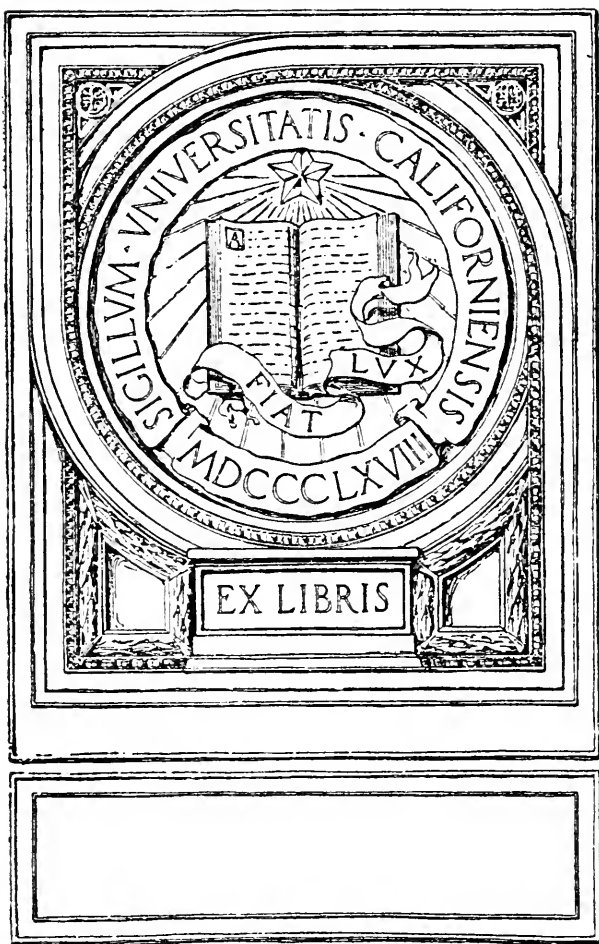


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# WAR & SELF-DENIAL

A LECTURE DELIVERED AT KING'S  
COLLEGE, LONDON, OCT. 9.

HARTLEY WITHERS

*Author of "The Meaning of Money"  
"Poverty and Wealth," &c.*



WITH A PREFACE BY  
THE HON. E. S. MONTAGU, M.P.

LONDON  
H. M. DENT & SONS LIMITED

PRICE TWO PENCE



# WAR AND SELF-DENIAL



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BY

HARTLEY WITHERS

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1915

1. The first part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

2. The second part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

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## PREFACE

MR. HARTLEY WITHERS'S admirably lucid statement of the financial aspects of the war constitutes an appeal that cannot be ignored by any responsible citizen.

We have reason to be proud of what this country has been able to contribute to the Allies, and those who have the conduct of our affairs have been met on the part of the nation by a readiness to shoulder the burden which is beyond praise. There is, however, still some underestimation of the enormous effort in front of us, and of the extent to which it must depend upon individual self-sacrifice.

If Mr. Withers's pamphlet obtains the wide circulation that it deserves, it should greatly help to dispel vagueness and uncertainty, and to rouse the nation to further and greater effort.

ED. S. MONTAGU.

TREASURY CHAMBERS, WHITEHALL, S.W.,

*November 2, 1915.*



## WAR AND SELF-DENIAL

SELF-DENIAL is usually a very unattractive subject. It is associated with the copybook virtue of thrift, and the sort of self-denial that is practised from self-interest, with a view to getting on in life. This is really a most useful and praiseworthy virtue because, if nobody exercised it, there would be no capital saved for industry and industry would perish; nevertheless it is not at all a popular quality, for most people find more pleasure in the companionship of those who make hay while the sun shines than of those who are always thinking of the rainy days to come. When self-denial is not self-interested it is likely to smack of sermons and of Sunday, and to be thought out of place on a week-day.

Now, however, self-denial is demanded

from all the citizens of this country, not because it is good for their own interests, or for their prospects of salvation, but because it is good for their country and is absolutely necessary if we are to win our way to victory for the greatest cause that ever was in peril. Self-denial for England will very soon be popular, if only we can make people see the need for it.

Every one is asking what they can do to help. We have seen the flower of our manhood come forward in millions to offer their lives for their country, and those who, owing to various causes, are unable to make this supreme sacrifice want to know what there is that they, who cannot fight, can do. Here is something, very prosaic and homely but very practical and necessary, that nearly every one can do—spend less money, by foregoing some of the comforts and luxuries that we have hitherto enjoyed, and hand over the

money that we save to the Government, through the Post Office Savings Bank, or by buying or subscribing to War Loans. We must do this if England is to win and help her Allies, with goods and money, to victory.

It is difficult to bring home to any one per- The sum to  
be found  
son that there is any connection between the amount that he or she spends and the position of the national finances. But the connection is very close and actual. The financial problem now before the country, reduced to its simplest terms, is this. Its total expenditure is expected to be:

In the year to March 1916	.	.	£1,590,000,000
In the year to March 1917	.	.	1,825,000,000

The latter figure is arrived at on the supposition that the war continues throughout the period, and that the five millions a day, which we shall expect to be spending at the end of the current financial year, continue throughout its successor. These figures of expenditure

include loans to Allies and others, but this makes no difference for our present purpose; since the money that we lend has to be found, like the rest, chiefly by saving.

Before the war, as Mr. McKenna told us in his Budget speech on September 21, our revenue and expenditure roughly balanced at about 198 millions. Now towards an expenditure of 1590 millions during the current financial year we expect to raise a revenue of 305 millions, while next year, to meet an expenditure of 1825 millions, it is estimated that we shall have a revenue, from the taxes now in force, of 387 millions. But the extent to which we are going to be taxed is not a matter with which we are at present concerned. Some people think that the tax-gatherer is letting us off lightly at present; but whether the tax-gatherer deals gently or harshly with the country, the country will have to find out of its own pocket, by saving, nearly the whole

Out of our  
pockets

of the difference between normal expenditure and our present rate of outlay. That is to say, taking normal expenditure at the round figure of 200 millions, 1390 millions this year and 1625 millions next year have to be found and handed over to the Government, through taxes and loans, and it will have to be done out of the savings of the citizens, except to the very limited extent to which we can borrow abroad or draw on accumulated resources.

Many people seem to think that because we are a great rich people we ought easily to be able to pay even for such a war as this out of the riches that we have amassed in the past. Unfortunately—or perhaps fortunately—our heritage from the past is of very little use to us for the conduct of war, for most of it is in a form in which it cannot be taken and fired out of a gun. War has to be carried on by means of work and effort that is turned out to-day. The wealth that we have amassed

Stored up  
wealth is of  
little use

in peace is only useful for war in so far as we can sell or pledge it in other countries so that we can buy abroad the things that are needed in the firing line, or for feeding our own population. If we sell it to one another, we merely transfer it from one pocket to another without any increase in the supply of the goods that are needed. For the purpose of sales abroad the only kind of wealth that is really useful—apart from our holding of gold—is the mass of securities that our investors hold, representing investments in other countries. It is calculated by statisticians that we have invested some 4000 millions abroad, about half of which has been placed in our own colonies and dependencies; and the existence of this nice comfortable sum of comparatively liquid wealth has again misled many people into the notion that we are so rich that there is no need to save. Of course there would be some truth in this notion if we could find



buyers for this 4000 millions worth of wealth as fast as we liked to sell it, and if we could be quite sure that the war would be over before we got to the end of it. By selling it we should be impoverishing ourselves permanently, but if we chose to do that and trust to getting rich again very quickly when the war was over, it would be a quite feasible policy if it were possible. But it is not possible. Foreign countries cannot lend us much money or buy many securities from us. They have been wont in the past always to expect to be able to borrow from us or from France, and now that France and we are both wanting all our own money, and more, for war, other countries have been seriously inconvenienced by being unable to borrow as usual.

The only country which is able to absorb a considerable amount of our accumulated wealth is America, and it is able to do so partly because it is making huge profits out

Limits to  
our power  
to borrow  
abroad

of the war and partly because the war is obliging it to save. Americans love to spend their money on travel in England and Europe, and now that war has made this pleasure difficult and dangerous to indulge in, America is said to have saved some 40 or 50 millions sterling on steamship and railway fares, hotel bills, and the other items in its annual expenditure on holidays abroad. We in England have sold back to America very large amounts of American railroad bonds and shares, and a commission sent over for the purpose has just succeeded in raising a loan of 100 millions for France and England. This is a huge sum for America, which was quite lately a borrowing country, to lend us, but it does not look very huge when we compare it with the 1390 millions that we have to find this year and the 1625 millions that we shall need to produce next year.

It is possible that, if the war goes on and

other countries continue to make big profits out of selling us their goods and services, some of them besides America may be able to lend us some of the money to pay for them. Some people think that they ought to be able to lend us at least as much as the value of the goods that they sell us, but this does not follow. If I buy a pair of boots I cannot therefore necessarily be sure that the boot-maker will be able to lend me the whole sum that I owe him for them. He has to pay his rent and his assistants. Probably he will be able to lend me his net profit on the boots, but even that he may need for buying clothes and food for himself and his family. This being so, the best that we can hope to be able to do by selling securities to, or raising loans in, other countries would seem to be covered by some 300 or 400 millions a year, though of course this estimate is the merest guesswork. If we take the higher figure, so as not to

exaggerate the seriousness of the sum that we have to save, we find ourselves faced next year—the financial year ending March 31, 1917—with 1225 millions to be saved, arrived at thus:

Expenditure, 1916-17 . . . . .	£1,825,000,000
Less normal expenditure . . . . .	£200,000,000
„ possible borrowing and sales abroad . . . . .	400,000,000
	<hr/>
	600,000,000
	<hr/>
	£1,225,000,000

The sum thus arrived at is roughly one half of the amount named by statisticians as the total income of the nation as a whole.

For the current year, on the same basis, the sum to be produced by saving is 990 millions. Normally we are believed to save about 300 to 400 millions a year.

Limits to  
the use of  
credit

There is yet another widely prevalent notion, that even if our accumulated wealth cannot be used in the firing line, it can be brought to bear by being used as a pledge for

loans from bankers. People think that there is no need for them to save because the war can be paid for by some kind of ingenious financial jugglery in the City, which will provide all the money that will be wanted. Now of course a good deal of this kind of thing can be done and is done, and if it were only a question of finding money there would be no difficulty about it. The Government could itself print as many notes as it wanted and the thing would be done. But printing money or borrowing from bankers, or any other device by which the amount of money, or buying power, is increased without any change in the volume of things to be bought simply means, after a certain point, that there is a rise in prices. For it is things and work that are needed in war, and they are only made available when we go without them by saving and buying less of them. If we just borrow and spend as usual the only

result is an ever-increasing scramble with an increased buying machinery and no increase in the things to be bought, and at last we are compelled to save because our money, owing to the rise in prices, is able to buy less and less for us of the things that we want.

Saving then is the only source from which the huge sum that is needed for the war can be found, except in so far as we can raise a comparatively small part of it by selling and pledging our accumulated wealth abroad.

We have to  
go without  
things, so  
that Govern-  
ment can  
have what  
it needs

When we save we go without something and hand over the money that it would have cost to the Government. Thus, in effect, we not only hand over the money, but the goods and services that we have done without, so that the Government may use them, or their equivalent, for the purposes of the war. It is essential that we should do this because otherwise the Government cannot get the goods and services that it needs for the war,

because we cannot produce enough both for our individual consumption as usual and for the huge amounts of goods and services that the Government must have for the war.\* A nation's power to produce—to make or grow—the things that it needs is at all times limited, and at present our power to produce has been cut down by the enlistment of so many of the best of our workers. As we cannot, as a nation, increase our production, and as the Government wants goods (such as shells and rifles and cartridges and horses and motor lorries and clothes and food for the soldiers and sailors), and the services of the soldiers and sailors and of all those who organise and handle the transporting of all these men and things by land and sea, it therefore follows that we civilians who are left behind have to go without things that we used to enjoy to the extent that the Government needs things for the war.

Production at home has been reduced by the drain of men into the army, and we can only buy abroad to the extent to which we can pay for what we buy by selling securities, shipping gold, raising loans, and selling goods and services.

Our swollen  
imports

One of the most difficult problems before the nation is the question how it is to pay for the enormous mass of things that it is buying from abroad. Before the war our imports used to exceed our exports by about 130 millions, and this balance was met by what were called invisible exports, consisting of the services of our merchant navy in carrying goods across the sea, interest on capital invested, etc.<sup>1</sup>

<sup>1</sup> The full value of these invisible exports is estimated in normal times at about 350 millions, of which 180 to 200 millions consist of claims for interest due to us, and the balance is made up of shipping freights and other services. Against this 350 millions we have to set 130 millions, the balance of visible imports, and 200 to 220 millions of our purchases of foreign securities for investment, which constitute an invisible import. It is not, of course, possible to arrive at any exactitude in estimating the volume of invisible services exchanged between nations.



Now our imports are exceeding our exports by over 30 millions a month, or at the rate of more than 360 millions a year; and this huge addition to what is called our adverse trade balance does not include goods imported by the Government. The *Statist* of September 25 estimated these Government purchases abroad at 20 millions a month and, if this figure is correct, it gives a total of 600 millions a year against the 130 that used to be shown. Thus we are piling up debt to foreigners at a pace that must be reduced. It can only be reduced if we import less and export more. Both these things can be done if we as individuals spend less and so use less goods and services.

If we use less goods that come from abroad—such as wine, tobacco, tea, coffee, petrol, motor cars, motor cycles, gramophones, silks, ostrich feathers—it is clear at once that we are reducing the adverse trade balance. We are also doing something very useful by

Going with-  
out imported  
goods

economising the capacity of our merchant ships that have to do the carrying. Owing to the large number of ships required by our Government for transporting and feeding the army, and for serving the needs of the fleet, and owing to the success with which our navy has bottled up the German merchant fleet in home or neutral harbours, there are far fewer ships than usual to carry goods across the seas. Consequently the price that has to be paid to them for carriage has risen enormously, and this rise in "freights" has done much to cause the rise in the price of all sea-borne goods, and to affect the prices also of goods produced at home. So when we go without imported goods, we render a double service by reducing the adverse trade balance and by helping to check the rise in freights.

Going without home-made goods

If we use less goods that are made at home, there are more goods available for the Government or for export. If they are such that the

Government needs, then, by going without them, we reduce the competition and so enable the Government to get them cheaper; if not, then we set them free for export, and so again help to reduce the adverse trade balance by increasing our sales abroad. If they are not goods that can be sold abroad, then the labour that was formerly used in making them is released and can make things needed by the Government or for export. Whatever we can go without helps. If we drink less beer, then the labour and energy required for making and carrying about beer, and doing all the book-keeping that is needed, would be available for making shells for the Government or for making articles that we export. Whatever we buy has to be carried about. It travels on the railways and then is probably carted once or twice. By doing without it we relieve the pressure on the overworked railways, and by saving railway power we help to save the

nation's coal supply or set free coal for export; also we relieve the pressure on vehicles—whether horse-drawn or motor—and the men who have to drive them.

Going with-  
out services

And it is not only by using less goods that we can help matters. Any services that we can do without set free labour and turn it into some channel that is more useful than the satisfaction of our comforts. If we travel less by railway, we reduce the pressure on the railways and the number of men required to work them, and the amount of coal that is wanted to supply the motive power; if we travel less by motor-bus or by taxi, we reduce the consumption of petrol, and if we travel less by tram, we use up less electric power which is produced by coal, and so here again we are saving coal, which is wanted for export and for industry, and for keeping poor people alive in winter, and for other things that are much

more important than conveying us from one suburb to another.

From electric power we naturally proceed to electric light and all other forms of light. All these we can very well save by going to bed an hour or so earlier and by being more careful in their use.

In short, any kinds of services and amusements that we can go without, not only leave money in our pockets to be handed over to Government, but help to set free services that are needed for more serious tasks. If we went to theatres less often some of the theatres would close, and all the people now employed in cleaning and looking after them would be set free for war work or for export work; their lighting and heating bill would be reduced, and so the nation's coal supply would again be to that extent conserved. The same things would happen if we indulged less freely in the alleged pleasures of the so-called picture

palace. If we can do our own housework to a greater extent, then we can set free women who are wanted for work in munition factories and on the railways, and in offices, and on the land. Any saving that we can bring about is almost certain to help the great cause, directly or indirectly.

The fear of  
unemploy-  
ment

A fear of causing unemployment is said to be a reason why many people are hesitating to cut down their spending, and unemployment is an evil which ought to be avoided with the utmost care. At the same time all the evidences show that there is at present much less unemployment than there was before the war, and when we see banks, and insurance companies, and railways employing women workers and the farmers so short of men that they are taking children from the schools, there does not seem to be much fear that any one who is gifted with any adaptability and enterprise and is ready to look for work and

to go where it is offered, will be out of work in these times. Any work that we can go without now, when all the workers are wanted, and hold over until peace, will be useful then, if a time of depression comes.

It is true also that shopkeepers who have done well in the past by selling us unnecessary comforts and luxuries may be hard hit if we cut them down; but these shopkeepers would be still harder hit if we did not win the war, or even if the war were prolonged unnecessarily just because everybody wasted their money on things that they did not want in order to benefit their tradesmen. People even hesitate to grow vegetables in their own gardens for fear of hurting their greengrocers, and at the same time we hear on all sides that the tradesmen have lost so many of their hands that they find it difficult to handle their business or deliver goods that are ordered. Many of the tradesmen who have lived on luxury trade

in the past, would be able, if we all took to saving rigorously, to adapt themselves to new conditions, and deal in goods that are needed for the war. Some are already carrying out this change.

Nearly  
every one  
can save

Anything that we can do to increase production of food and clothes and munitions and of goods for export is quite as great a help as saving. But not many of us have a chance of doing this. Saving is a thing that we can all do except the very poorest. We can all cut off or cut down alcohol or tea or coffee or tobacco, or buying new clothes, or travelling for pleasure, or going to theatres, or keeping unnecessary servants, or calling in unnecessary doctors to prescribe for imaginary complaints. It seems strange, at a time like this, to see the smoking-rooms of London clubs full of men puffing fat cigars "as usual," to hear that Oxford Street is so thronged at certain times of the day by the crowds of shopping women



that it is difficult to move along the pavement, and to read advertisements from motor companies suggesting for the week-end "a ripping tour in the country or to the sea by car."

It is said that the public will not save until it has a lead from Government, and sees more economy practised by the departments. Is this a fair view for the public to take? The departments have to carry on the biggest war that ever has happened, and their first business is to keep the army and navy supplied with all that they must have. Under such circumstances a certain amount of waste in public administration is surely no justification for us, as private individuals, if we waste a single penny on ourselves. Every worker who is recruited means that the productive capacity of the country is reduced and makes it more necessary for us, if we want to win the war, to do without things and save. Some

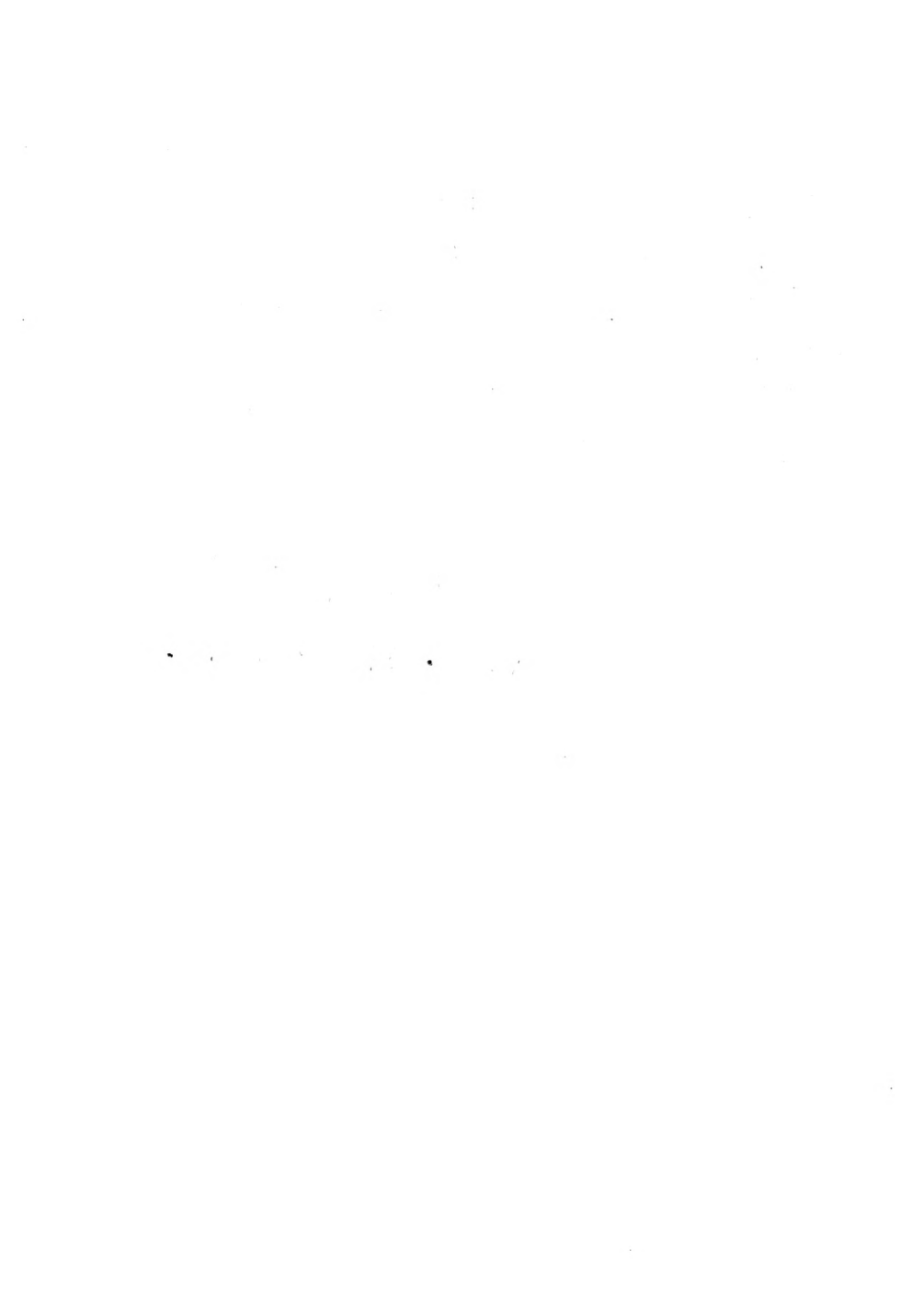
people think that it cannot matter what they do because one person's saving can make so little difference. In the same way it might have been argued by each of our young men that one man could not count, and that therefore he need not offer his life for his country. Our young men brushed aside this flimsy fallacy like a cobweb. Surely we can do likewise in our spending.

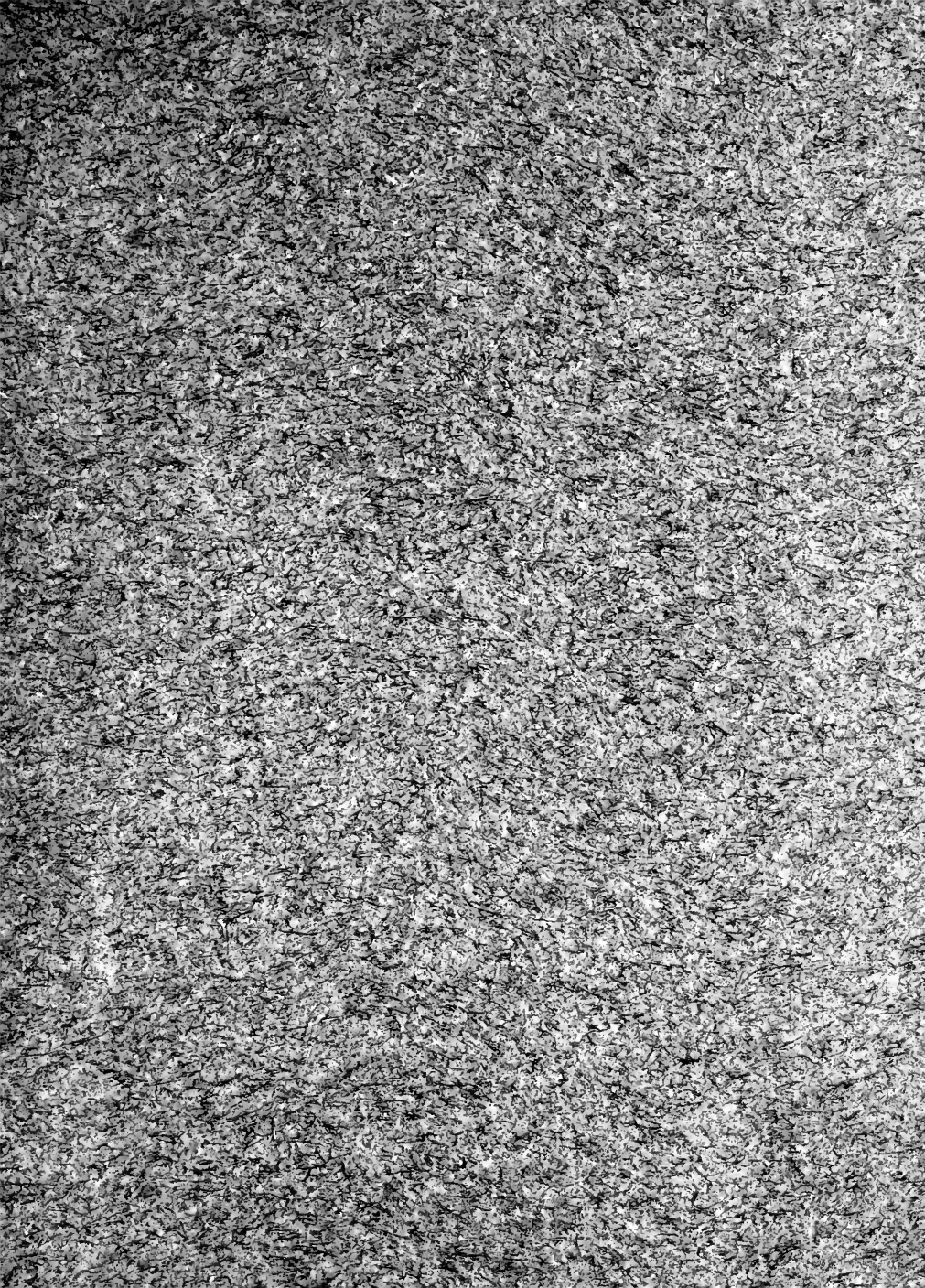
Sooner or later we shall have to do without things because, if we do not do so voluntarily, our scrambling among ourselves and against the Government for a limited supply of things to be bought, will put prices up and make us take less for our money. Surely it is better, when our country is fighting the biggest war in history for the greatest cause that ever was fought about, to help this cause by saving of our own free will.

If we can learn from the war to work hard, live hard, and think hard, we shall face the

difficult problems that peace will bring with a unity of purpose and a store of productive energy that will take us a long way towards their solution. At present the only things that we can afford to spend money on are health, and understanding, and victory.







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